

DOFASCO

Dofasco Inc., P.O. Box 2460, Hamilton, Ontario, Canada L8N 3J5

Telephone (905) 544-3761

Fax (905) 548-4249

March 27, 1995

Dear Shareholder:

You are cordially invited to attend the Annual and Special General Meeting of Shareholders of Dofasco, beginning at 12:00 noon on Friday, May 5, 1995 at our head office, 1330 Burlington St. East, Hamilton, Ontario. The formal Notice of Meeting and Management Proxy Circular are attached to this letter.

At this meeting, in addition to the usual business of receiving the financial statements, electing directors and appointing the independent auditors, shareholders are being asked to approve three items of special business.

The first of these is an amendment to the Articles of the Corporation to permit the board of directors to appoint a limited number of additional directors, between shareholder meetings. This change is in keeping with recent changes to the *Canada Business Corporations Act*, and it would provide some flexibility to augment the board when a new director with specific skills or experience is being sought and becomes available.

The second item is technical amendments to Dofasco's By-Law G1 to make its language gender neutral and to better reflect the separation of the positions of Chair of the Board and Chief Executive Officer.

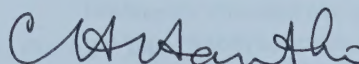
The final special item is the proposed reconfirmation of Dofasco's Shareholder Rights Plan, with certain amendments which have been designed to bring our plan into general conformity with similar plans adopted recently by other Canadian companies. Dofasco's 10-year Shareholder Rights Plan was originally approved in 1990, subject to review and reconfirmation by the shareholders at the 1995 shareholders' meeting. After discussion and deliberation, the board of directors has concluded that the advantages to shareholders from introducing the rights plan five years ago still exist and accordingly we are recommending it be reconfirmed by the shareholders as amended.

All of the above matters are described and discussed in greater detail in the attached Management Proxy Circular, and we encourage you to read this material.

It is important that your shares be represented at the shareholders' meeting. Please complete, sign and return the enclosed proxy form at your earliest convenience.

If you have any questions regarding any of the matters to be dealt with at our upcoming meeting, please contact our Corporate Secretary's office at 1-800-363-2726, ext. 6905.

Yours sincerely,



C.H. Hantho
Chairman

Notice of Annual and Special General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual and special general meeting of the shareholders of Dofasco Inc. will be held at the head office of the Corporation, 1330 Burlington Street East, Hamilton, Ontario, on Friday, May 5, 1995 at twelve o'clock noon, Hamilton time, for the following purposes:

1. To receive and consider the annual report and financial statements for the fiscal year ended December 31, 1994 and the report of the auditors;
2. To elect directors;
3. To appoint auditors and to authorize the directors to fix their remuneration;
4. To consider and, if deemed advisable, pass a special resolution amending the Articles of the Corporation to authorize the directors of the Corporation to appoint additional directors between shareholder meetings, provided that the number of directors so appointed cannot exceed one third of the number of directors elected at the previous annual meeting of shareholders;
5. To consider and, if deemed advisable, confirm with or without amendment a resolution amending By-Law G1 of the Corporation (being a by-law regulating generally the business and affairs of the Corporation) in certain technical respects;
6. To approve and reconfirm the Corporation's Amended and Restated Shareholder Rights Agreement; and
7. To transact such further and other business as may properly come before the meeting or any adjournments thereof.

DATED at Hamilton, Ontario this 27th day of March, 1995.

By Order of the board,

U. SOOMET
Secretary

All holders of voting shares are requested to complete, sign, date and return, in the envelope provided for that purpose, the enclosed form of proxy as soon as possible in order to ensure that those shares are represented at the meeting. If you attend the meeting and vote in person, your vote will supersede your proxy. **Shares represented by instruments appointing proxies that are not deposited as provided below will not be voted at the meeting.**

Proxies to be used at the annual and special general meeting must be deposited (1) by mail to the office of the Corporation's transfer agent, The R-M Trust Company, at the address on the envelope provided herewith, (2) by personal delivery to The R-M Trust Company, 393 University Avenue, 5th Floor, Toronto, Ontario M5G 2M7, or (3) by telecopy (416) 813-4679, to The R-M Trust Company, **in each case not later than 5:00 p.m., Hamilton time, Thursday, May 4, 1995 or, if the annual and special general meeting is adjourned, not later than 5:00 p.m., Hamilton time, on the business day immediately preceding the date fixed for any adjournment thereof.**

Management Proxy Circular

Solicitation of Proxy

This management proxy circular is furnished in connection with the solicitation of proxies by the management of Dofasco Inc. for use at the annual and special general meeting of shareholders to be held on May 5, 1995. The cost of solicitation will be borne by the Corporation. It is expected that the solicitation in each case will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. In addition, the Corporation has retained The R-M Trust Company to assist in the solicitation of proxies for an estimated fee of \$5,000. Telecopied, photocopied and other mechanically transmitted or reproduced copies of originally executed proxies may be deposited by shareholders in respect of the meeting.

In addition to revocation in any other manner permitted by law, a shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the head office of the Corporation at any

time up to and including 5:00 p.m., Hamilton time, on the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting, or any adjournment thereof.

Voting Shares

As at March 1, 1995, 85,050,690 Common Shares and 10,000,000 \$2.60 Convertible Class C Preferred Shares, Series 1 of the Corporation were outstanding. Pursuant to the Canada Business Corporations Act, the Corporation has prepared lists of the holders of both of such classes of shares at the close of business on March 22, 1995. Each holder named in such lists is entitled, at the annual and special general meeting of shareholders, to one vote per share with respect to the shares shown opposite that holder's name on such lists, except to the extent that holder has transferred ownership of any of that holder's shares after that date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes

that the transferee owns the shares and demands not later than 10 days before the meeting that the transferee's name be included in the list before the meeting, in which case the transferee is entitled to vote those transferred shares at the meeting.

Manner of Voting Proxies

The shares represented by any proxy will be voted in accordance with any specification made on the form of proxy. **In the absence of any such specification, shares voted at the annual and special general meeting of shareholders will be voted for the election of the directors specified in this management proxy circular, for the reappointment of Ernst & Young as the auditors of the Corporation, for the amendments proposed to the Articles of the Corporation and By-Law G1, and for the approval and reconfirmation of the Amended and Restated Shareholder Rights Agreement.**

Management knows of no matters to come before the meeting other than the matters referred to in the notice relating to the meeting. However, if any other matters which are not now known to the management should properly come before the meeting or if amendments or variations to the matters referred to in the notice of meeting are presented for action at the meeting, the proxy will be voted on such other matters, amendments or variations in accordance with the best judgment of the person voting the proxy, which confers such discretionary authority.

Principal Holders of Voting Securities

To the Corporation's knowledge, as at March 1, 1995 no person beneficially owned or exercised control or direction over shares carrying more than 10% of the votes attached to shares of the Corporation.

Election of Directors

The Articles of the Corporation provide that the board of directors shall consist of a minimum of 8 directors and a maximum of 15, with the actual number to be determined from time to time by the board of directors. The board of directors has determined that, effective on the election of directors at the annual and special general meeting of shareholders, there will be 12 directors.

In the absence of specific instructions on the proxy form to withhold such vote, the management proxyholders intend to vote for the following proposed nominees (or for a substitute or substitutes for any of the proposed nominees in the event that prior to the meeting one or more of the proposed nominees should become unable to serve) who will, subject to the by-laws of the Corporation, serve until the next annual meeting of shareholders or until their successors are elected or appointed in accordance with the by-laws. Each of the nominees listed below has advised that on March 1, 1995 he or she beneficially owned or exercised control or direction over the indicated number of shares.

Name, Principal Occupation and Offices with the Corporation and its Significant Affiliates	Year Became Director	Number of Common Shares	Number of \$2.60 Class C Preferred Shares
JOHN ERNEST AKITT (**) Executive Vice President, Exxon Chemical Company (Chemicals)	1994	1,301	
GEORGE HENRY BLUMENAUER (*)(**) Chairman of the Board, Otis Canada, Inc. (Elevators)	1968	2,715	
ROGER GRAHAM DOE, Q.C. (*)(***) Senior Partner, Fasken Campbell Godfrey (Solicitors)	1975	2,205	
ROBERT CHIPMAN DOWSETT (**)(***) Vice Chairman, William M. Mercer Limited (Actuarial Consulting)	1975	2,958	
JOHN ROBERT EVANS (**) Chairman, Torstar Corporation (Publishing)	1971	1,883	
RICHARD LEE GEORGE President and Chief Executive Officer, Suncor Inc. (Oil and gas) <i>From February 1 to October 15, 1991 Mr. George was President and Chief Operating Officer, Suncor Inc. at which time he was appointed President and Chief Executive Officer. From January 1993 to April 1994 he was Chairman, President and Chief Executive Officer and in May 1994 he assumed the title of President and Chief Executive Officer.</i>		200	

Name, Principal Occupation and Offices with the Corporation and its Significant Affiliates	Year Became Director	Number of Common Shares	Number of \$2.60 Class C Preferred Shares
DEZSO JOSEPH HORVATH Dean of the Faculty of Administrative Studies, York University (Education) <i>Dr. Horvath has held this position during the five preceding years.</i>			
CHARLES HAROLD HANTHO (*) (***) Officer of the Corporation (Chairman), Chairman, Dominion Textile Inc. (Textiles)	1989	2,215	
FRANK HENDERSON LOGAN (*) (***) Vice Chairman and President, Thornmark Corporation (Investments)	1976	2,718	2,000
PETER CHARLES MAURICE (*) Vice Chairman, CT Financial Services Inc. (Financial Services)	1993	1,215	
JOHN THOMAS MAYBERRY Officer of the Corporation (President and Chief Executive Officer)	1993	1,000	
DAVID ROBERT MCCAMUS (**) Chairman, Air Ontario Ltd. (Transportation)	1993	1,415	
Note: (*) Member of the Audit Committee (**) Member of the Human Resources Committee (***) Member of the Nominating and Corporate Governance Committee			

Directors' and Officers' Liability Insurance

Under existing policies of insurance the Corporation is entitled to be reimbursed for indemnity payments it is required or permitted to make to directors and officers which are in excess of a \$500,000 deductible per occurrence, to a maximum of \$50,000,000 in each policy year. The directors and officers of the Corporation are insured for losses arising from claims against them for certain of their acts, errors or omissions for which the Corporation does not indemnify them, to a maximum of \$50,000,000 in each policy year. As at the date hereof all of the directors and officers of the Corporation and its subsidiaries are included as insureds under the policies. All premiums for the policies are paid by the Corporation. For the financial year ended December 31, 1994, \$325,306 was charged against income in respect of such premiums. The premiums for the policies are not allocated between directors and officers as separate groups.

Appointment of Auditors

Unless authority to vote is withheld, the management proxy-holders will vote in favour of the reappointment of Ernst & Young, the present auditors, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix their remuneration.

Amendment of Articles

The Corporation is governed by the provisions of the Canada Business Corporations Act (the "CBCA"). The CBCA was

recently amended to permit the directors of a corporation (if the articles of the corporation so provide) to appoint additional directors to the board between annual meetings of shareholders, provided that the total number of directors so appointed does not exceed one-third of the number of directors elected at the previous annual meeting. The term of office of any director so appointed must expire not later than the close of the next annual meeting.

From time to time, the board identifies an individual who could make a valuable contribution to the Corporation as a director. In the past, it has not been possible to invite such an individual to join the board between shareholders' meetings, unless for some reason a vacancy has occurred among the directors originally elected by the shareholders. This has restricted the Corporation's ability to enhance the board at the earliest opportunity.

By amending the Corporation's articles in the manner permitted by the CBCA, it will be possible to more quickly take advantage of opportunities to augment the board. At the same time, given the limitation on the number of directors who can be added between meetings and the expiry of the term of such directors at the next annual meeting, the shareholders maintain their control over the composition of the board of directors.

For these reasons, shareholders are being asked to consider and if deemed advisable to pass, with or without amendment, the resolution annexed as Schedule A to this proxy circular. To be effective, this resolution must be approved by a majority of not less than two-thirds of the votes cast at the

meeting in respect of the resolution, either in person or by proxy. If the resolution is passed, application will be made to amend the articles accordingly.

Amendment of By-Law G1

The Corporation wishes to amend By-Law G1, being the general by-law which governs the Corporation's affairs, to make it gender neutral. This involves replacing the word "chairman" with the word "chair" and removing masculine pronouns. In addition it is proposed that By-Law G1 be amended to provide that the chair of the board shall normally preside over all meetings of the board and of the shareholders. This change is consistent with the current separation of the positions of the chair and the chief executive officer of the Corporation.

The board of directors considers these changes to be desirable and therefore, at a meeting of the board held on March 3, 1995, By-Law G1 was amended to effect such changes.

Pursuant to the CBCA, this amendment to By-Law G1 is being submitted to the shareholders of the Corporation at the annual and special general meeting in the form of the resolution annexed as Schedule B to this proxy circular. The shareholders may, by ordinary resolution, confirm, reject or amend such amendment. An ordinary resolution is one which is passed by more than 50% of the votes cast by the shareholders who vote at the meeting in respect of the resolution, either in person or by proxy.

Reconfirmation of Shareholder Rights Plan

Background

At the annual and special general meeting of shareholders held on April 27, 1990, shareholders confirmed the Corporation's Shareholder Rights Plan adopted by the board of directors on November 24, 1989 (the Shareholder Rights Agreement establishing the Shareholder Rights Plan, as amended and restated on March 2, 1990, is herein referred to as the "Existing Rights Plan"). The Existing Rights Plan provides for a 10 year term from its adoption but requires reconfirmation by a resolution passed by a majority of the votes cast by Independent Shareholders not later than at the 1995 annual meeting of shareholders. If not so reconfirmed, the Existing Rights Plan will terminate and the Rights issued under it will be void.

The board of directors has reviewed the current legislative and regulatory framework applicable to take-over bids, developments in the terms of shareholder rights plans over the last five years and the actual experiences in hostile take-over bids in Canada which have taken place over the last year for target corporations having shareholder rights plans.

The board of directors has concluded that the reasons for the original adoption of the Existing Rights Plan continue to exist and that recent experience in hostile take-over bids supports the conclusion that the existence of a shareholder rights plan provides increased shareholder value in a take-over bid situation. The board of directors has, therefore, decided that it should recommend to shareholders the continued existence of a shareholder rights plan.

The board of directors has also concluded that, as a result of developments in the provisions of similar shareholder rights plans over the last five years, amendments to the Existing Rights Plan should be made. On March 3, 1995, the board of directors resolved to amend and restate the Existing Rights Plan (the amended and restated Existing Rights Plan is referred to herein as the "Amended Rights Plan") to be effective as of May 5, 1995 conditional upon approval of the Amended Rights Plan by a resolution passed by a majority of the votes cast by Independent Shareholders at the annual and special general meeting of the shareholders of the Corporation on that date. Shareholders will be asked to consider, and if thought advisable, pass the resolution annexed as Schedule C to this circular.

In reaching these decisions the board received the advice of RBC Dominion Securities Inc., as financial advisors, and of Fasken Campbell Godfrey, as legal advisors.

A copy of the amended and restated agreement which gives effect to the Amended Rights Plan (the "Amended Rights Agreement") is attached as Schedule D to this circular. Capitalized terms used in this circular which are not otherwise defined have the same meaning given to them in the Amended Rights Agreement.

The Existing Rights Plan was not adopted in response to or in anticipation of any pending or threatened take-over bid. Similarly, the amendment and restatement of the Existing Rights Plan and the recommendation by the board of directors for its reconfirmation were not made in response to or in anticipation of any pending or threatened take-over bid.

The objectives of the Existing Rights Plan, which remain unchanged in respect of the Amended Rights Plan, are to ensure that, in the event of a bid for control of the Corporation, shareholders will receive full and fair value for their shares and will not be subject to abusive or coercive take-over strategies and that the board of directors, on behalf of the Corporation and its shareholders, will have the time and opportunity to evaluate the bid and its effects, to negotiate with the bidder, to seek out alternative bidders and to explore, develop and evaluate other ways of maximizing shareholder value. Under both the Existing Rights Plan and the Amended Rights Plan, a bidder is encouraged either to make a Permitted Bid, without approval of the board of directors, having terms and conditions designed to meet the objectives of the rights plan or to negotiate the terms of a bid with the board of directors.

Neither the Existing Rights Plan nor the Amended Rights Plan is intended to prevent a take-over of the Corporation.

The amendments to the Existing Rights Plan which are contained in the Amended Rights Plan make the Corporation's Amended Rights Plan similar to many more recently adopted shareholder rights plans. In particular, several of the amendments make it easier for an unsolicited bidder to make a Permitted Bid for the Corporation's shares, without compromising the shareholder protection which the Amended Rights Plan is intended to achieve.

The board of directors has concluded that the existing legislative framework for take-over bids in Canada continues

not to adequately protect the rights of shareholders during take-over bids.

Current Canadian securities legislation provides that take-over bids may expire after only 21 days. The board of directors is concerned that given the size and complexity of the Corporation's assets and operations, such a short period does not provide an opportunity for the shareholders and the board of directors to properly assess the initiating bid and to negotiate with the bidder, for the shareholders to assess the merits of competing bids, and for the board of directors to seek out or otherwise allow competing bidders to emerge or develop other methods of maximizing shareholder value. The Amended Rights Plan requires a Permitted Bid to have a minimum expiry period of 75 days. The shareholders and board of directors can therefore take the additional time over and above the 21 day statutory period, to consider the take-over bid and the various alternatives available.

Also, there is a concern that a shareholder may feel compelled to tender to a bid which the shareholder considers to be inadequate and not to represent full and fair value because, in failing to do so, the shareholder may be left with illiquid or minority discounted shares in the Corporation. The requirements for a Permitted Bid in the Amended Rights Plan therefore include a shareholder approval mechanism which is intended to ensure that a shareholder can separate the tender decision from the approval or disapproval of a particular take-over bid. A Permitted Bid is required to contain a provision that a majority of the shares held by Independent Shareholders must be tendered in acceptance of the bid at the end of its minimum 75-day period following which the bid must be extended for a further 10 days.

The board of directors is also concerned that an offeror could obtain control of the Corporation without paying full value, without obtaining shareholder approval and without treating all shareholders equally. The shareholders may not be treated equally if, as is possible under applicable securities legislation, a large block of shares is acquired pursuant to a private agreement in which one or a small group of shareholders sells shares at a premium to market price which is not shared with the other shareholders of the Corporation or shares are accumulated gradually over time. The Amended Rights Plan addresses these concerns by providing that a bidder who acquires more than 20% of the outstanding Voting Shares will suffer substantial dilution by giving shareholders, other than the bidder, the right to acquire shares at half market price. The threshold was 15% in the Existing Rights Plan.

The Amended Rights Plan does not: (a) reduce the duty of the board of directors to act honestly and in good faith in the best interests of the Corporation and its shareholders and to consider on that basis any offer made; (b) alter the proxy mechanism to change the board of directors or the direction of the Corporation; (c) alter the financial condition of the Corporation; (d) create dilution on initial issue of the Rights; (e) affect reported earnings per share; or (f) change the way in which the Shares trade.

Canadian Experience with Rights Plans

Over 60 Canadian corporations have adopted shareholder rights

plans. Shareholders have refused to approve of the adoption of a shareholder rights plan in only one instance.

Many thousands of similar plans exist in the United States and there have been a substantial number of unsolicited take-over bids of corporations in the United States having rights plans.

In Canada, there have been four unsolicited take-over bids of corporations with shareholder rights plans which have occurred within the last year. In each case, change of control resulted. In each case, the price per share at which the take-over was completed was higher than the initial offered price per share. While it cannot be known what would have happened if rights plans were not in place for these corporations, it appears that the existence of the rights plans contributed to the realization of higher values by the target corporation's shareholders.

Decisions of the Ontario Securities Commission indicate an unwillingness of the Commission to allow a rights plan to operate indefinitely in the face of a take-over bid. However, the Commission has not considered it its mandate to determine the validity of rights plans. The Commission has been prepared to permit a rights plan to continue to operate so long as the Commission could conclude on the evidence that a further period of time would enable management and the board of directors to continue to fulfill their fiduciary duties; that there was a real and substantial possibility of achieving an increase in shareholder value; and that the right of shareholders to dispose of their shares was maintained.

Under recent amendments to the *Securities Act* (Ontario), the Ontario Securities Commission has been given rule-making powers to regulate take-over bids including prescribing requirements respecting defensive tactics which, if rules are promulgated, may include the power to regulate and determine the validity of rights plans. No rules have as yet been promulgated.

Recommendation of board of directors of the Corporation

The board of directors of the Corporation has determined that the Amended Rights Plan is in the best interests of the Corporation and its shareholders. The board of directors unanimously recommends that shareholders vote to approve of the amendments contained in and to reconfirm the Amended Rights Plan.

Summary of Terms

The following are highlights of the Existing Rights Plan and the amendments contained in the Amended Rights Plan. The details of the Amended Rights Plan are described below and in the Amended Rights Plan.

Original Plan	Amended Plan
Issue of Rights:	
One Right was issued for each Common Share and each \$2.60 Convertible Class C Preferred Share, Series 1 (collectively the "Shares") outstanding on November 24, 1989 or subsequently issued.	Rights issued and outstanding as of the effective date of the Amended Rights Plan will remain issued and outstanding.

Original Plan	Amended Plan	Permitted Bid:	
Exercise Price: Each Right entitled the holder to buy one Common Share for \$100. If a "Flip-in Event" occurs, the holder may buy \$200 market value of common shares for \$100.	Unchanged.	Under the Existing Rights Plan and the Amended Rights Plan, a "Permitted Bid" is specifically required to comply with Ontario and any other applicable securities laws. This specific requirement has been removed in the Amended Rights Plan but a circular bid is still required. The Amended Rights Plan now also provides for Competing Permitted Bids meeting the same requirements as the Permitted Bid except for a concurrent expiry date. A comparison of the requirements of a Permitted Bid under the Existing Rights Plan and the Amended Rights Plan is provided below.	
Flip-in Event: A "Flip-in Event" would have occurred if a person had acquired 15% of the Voting Shares otherwise than as permitted by the Existing Rights Plan. The Corporation's employee plans, investment managers and trust companies were exempted from the 15% threshold unless making a take-over bid.	The Flip-in Event threshold will increase to 20% under the Amended Rights Plan. In addition, the exemption for the Corporation's employee plans was removed and an exemption for pension funds was introduced.	<ul style="list-style-type: none"> the bid was for all Voting Shares to all holders 	<ul style="list-style-type: none"> the Bid may be made for less than all of the Voting Shares but must be made to all holders of the class of Voting Shares subject to the Bid
Flip-over Event: A "Flip-over Event" would have occurred if there was a consolidation, merger or amalgamation or a sale of substantial assets.	This concept has been removed in the Amended Rights Plan.	<ul style="list-style-type: none"> the bidder could not own more than 5% of the Voting Shares prior to the date upon which the bid is made the bidder could not acquire Voting Shares during the bid 	<ul style="list-style-type: none"> requirement deleted requirement deleted
Term: 10 years, subject to reconfirmation at 1995 annual and special general meeting of the shareholders.	5 years remaining.	<ul style="list-style-type: none"> the bid must have been conditional upon approval by resolution passed by a majority of Independent Shareholders at a shareholders' meeting 	<ul style="list-style-type: none"> the bid must be conditional upon the tender in acceptance of more than 50% of the Voting Shares held by Independent Shareholders
Initial Trading: Rights traded automatically with, and were represented by, the associated Shares.	Unchanged.	<ul style="list-style-type: none"> the bid could not expire for 120 days or until 10 days after the shareholders' meeting 	<ul style="list-style-type: none"> the bid cannot expire for 75 days with a mandatory 10 day additional period for shareholders to tender shares if more than 50% of the Voting Shares held by Independent Shareholders are tendered to the bid
Separation Time: The Rights were not exercisable or transferable until a Flip-in Event occurred or until 10 days after an announcement that a person had commenced a take-over bid which was not a Permitted Bid.	Unchanged.	<ul style="list-style-type: none"> the bidder was required to provide and update a list of its holdings of Voting Shares 	<ul style="list-style-type: none"> requirement deleted
		Waiver: The board of directors could waive the application of any Flip-in Event before the occurrence of such event.	Unchanged.

Original Plan

Amended Plan

Redemption:

The Rights could be redeemed before a Flip-in Event for \$0.01 per Right.

Unchanged.

Amendments:

The board of directors was permitted to make any changes, without shareholder approval, except changes to the Expiration Time, Exercise Price and Flip-in threshold, provided that no such supplement or amendment made on or after the Stock Acquisition Date materially adversely affected the interests of holders of Rights generally.

The board of directors' ability to make amendments without shareholder approval has been limited to correcting ambiguities, deficiencies or typographical errors. Changes required to maintain validity of the Amended Rights Plan as a result of any change in laws or regulatory requirements may be made but must be approved at the next shareholders' meeting. All other changes (whether or not materially adversely affecting the interests of holders of Rights) require prior shareholder approval.

Operation of the Rights Plan

On adoption of the Existing Rights Plan, the board of directors authorized the issue on November 24, 1989 (the "Record Date") of one right (a "Right") in respect of each outstanding common share and each \$2.60 Convertible Class C Preferred Share, Series 1 of the Corporation (collectively, the "Shares"). One Right will also be issued in respect of each Share issued after the Record Date and prior to the Separation Time. The Corporation has not in the past, and will not in the future, receive proceeds from the issuance of the Rights.

The Rights are not exercisable until Separation Time (being the tenth day after a bidder has acquired, or commences a bid to acquire, other than pursuant to a Permitted Bid, or a Competing Permitted Bid, 20% or more of the Voting Shares). Until the Separation Time, the Rights will be evidenced by the certificate representing the associated Shares and transferred with them. After Separation Time, the Rights will become exercisable and begin to trade separately from the associated Shares. Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Corporation, including without limitation, the right to vote or receive dividends.

In the event that a person becomes an Acquiring Person (referred to below) pursuant to a transaction or event, then each Right shall constitute, effective from and after the close of business on the tenth day following the date on which such person becomes an Acquiring Person (the "Flip-in Event")

or such later date as the board of directors may determine, the right to purchase from the Corporation that number of Common Shares having a market price on the date of occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. The initial Exercise Price is \$100 per Common Share but is subject to adjustment in order to avoid anti-dilutive effects.

Any Rights that are or were Beneficially Owned (referred to below) on or after the earlier of the Separation Time and the Stock Acquisition Date by an Acquiring Person shall become null and void without any further action and any holder of such Rights (including any transferee of, or other successor in title to, such Rights, whether directly or indirectly) shall thereafter have no right to exercise such Rights under any provision of the Amended Rights Agreement.

Under the Amended Rights Plan, the outstanding Rights will remain unaffected and new Rights will continue to be issued in respect of each Share issued after the effective date of the Amended Rights Plan. Except for certain technical differences described below, the operation of the Amended Rights Plan will also be substantially similar to the operation of the Existing Rights Plan upon the occurrence of a Flip-in Event.

Acquiring Voting Shares Pursuant to the Rights Plan

The Amended Rights Plan does not affect the acquisition of up to 20% of the outstanding Voting Shares. Under the Existing Rights Plan, this threshold is 15%. If a person (other than an investment manager, trust company or pension plan) seeks to acquire 20% or more of the outstanding Voting Shares of the Corporation (an "Acquiring Person"), such person would be required to make a take-over bid which meets the Permitted Bid or Competing Permitted Bid requirements of the Amended Rights Plan. Alternatively, such a bidder may seek approval of the board of directors for a particular take-over bid which does not meet those requirements.

If an Acquiring Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares other than by means of a Permitted Bid or Competing Permitted Bid or with the approval of the board of directors, the operation of the Rights Plan will substantially dilute such person's holdings by voiding the Rights Beneficially Owned by the Acquiring Person. The dilutive effects of the Rights Plan will force a person who intends to acquire 20% or more of the Voting Shares of the Corporation to treat all shareholders equally in accordance with the Permitted Bid or Competing Permitted Bid requirements of the Amended Rights Plan.

A "Permitted Bid" is a take-over bid which will not trigger the exercisability of the Rights. A "Permitted Bid" is an offer to acquire Voting Shares which, together with the other securities Beneficially Owned by the Offeror, constitute 20% or more of the outstanding Voting Shares, made by way of take-over circular bid and that is in compliance with the following additional provisions:

- (i) the take-over bid is made to all holders of the class or classes of Voting Shares which are subject to the take-over bid, wherever resident, other than the Offeror;
- (ii) the take-over bid contains an unqualified condition that no Voting Shares will be taken up prior to 75 days

following the date of the take-over bid (decreased from 120 days under the Existing Rights Plan) and only if more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered to the take-over bid and not withdrawn;

- (iii) the take-over bid contains a provision that shares may be deposited pursuant to such take-over bid, unless the take-over bid is withdrawn, at any time prior to 75 days following the date of the take-over bid and any deposited may be withdrawn until taken up and paid for; and
- (iv) the take-over bid contains a provision that in the event that the deposit condition referred to in (ii) above is satisfied, the Offeror will make a public announcement of that fact and the take-over bid will remain open for not less than 10 days from the date of such public announcement.

The Existing Rights Plan requires a Permitted Bid to be for all of the outstanding Voting Shares. In the Amended Rights Plan, a Permitted Bid may be for less than all of the outstanding Voting Shares and may be made for a class of Voting Shares. A Permitted Bid must still be made to all holders of shares of that particular class and there must be tendered in acceptance of the Bid more than 50% of the outstanding Voting Shares. These requirements, coupled with the additional requirement that the Permitted Bid be extended for a further period of 10 days following satisfaction of the tender requirement, have substantially removed the coercive effects of a partial bid.

A “Competing Permitted Bid” is a take-over bid made while a Permitted Bid is outstanding, that is made for the same class or classes of Voting Shares as are subject to the Permitted Bid and that satisfies all of the other provisions of a Permitted Bid, except that it must remain open for acceptance only for a period to the expiry of the outstanding Permitted Bid. The reduction in the time for acceptance of a Competing Permitted Bid is to allow, as nearly as possible, all take-over bids to be dealt with by the shareholders of the Corporation within the same time frame. The concept of a Competing Bid is new to the Amended Rights Plan.

If a potential Offeror does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the board of directors to make a take-over bid on terms which the board of directors considers fair to all shareholders. In such circumstances, the board of directors may waive the application of the Amended Rights Plan to that particular transaction or redeem the Rights, thereby allowing such bid to proceed without dilution to the Offeror.

Terms of the Shareholder Rights Plan

The following is a summary of the major terms of the Amended Rights Plan together with a brief description of changes from the Existing Rights Plan. The following comments are qualified in their entirety by reference to the text of the Amended Rights Agreement.

Trading of Rights

Until the Separation Time, the Rights are not exercisable. Each Right is evidenced by the certificate for the associated Share and is only transferable together with the associated Share. Before

Separation Time, any new certificates issued on the transfer of Shares or the issuance of additional Shares from treasury will contain a notation incorporating the Rights Agreement by reference. Promptly following the Separation Time, separate certificates evidencing the Rights (the “Rights Certificates”) will be mailed to holders of record of Shares as of the Separation Time and the separate Rights Certificates will evidence the Rights. The Rights are listed in Canada on The Toronto Stock Exchange and The Montreal Exchange.

Separation Time

The Rights will separate and trade separately from the Shares after the Separation Time. The “Separation Time” is the tenth day following the earlier of (i) the date (the “Stock Acquisition Date”) of the first public announcement made by the Corporation or an Acquiring Person that a person has become an Acquiring Person and (ii) the date of the commencement of, or first public announcement of, the intent of any person (other than the Corporation or any subsidiary of the Corporation) to commence a take-over bid (other than a Permitted Bid) or on such later day as the board of directors may determine.

Acquiring Person

An “Acquiring Person” is one who at any time Beneficially Owns 20% (increased from 15% under the Existing Rights Plan) or more of the outstanding Voting Shares other than:

- (i) the Corporation or any subsidiary of the Corporation, and
- (ii) as a result of (a) an acquisition or redemption by the Corporation of Voting Shares (b) certain pro rata distributions to the holders of voting securities of the Corporation, including pursuant to a dividend reinvestment plan or a rights offering, (c) a Permitted Bid or Competing Permitted Bid, (d) share acquisitions in respect of which the board of directors shall have waived the application of the Flip-in Event provisions of the Rights Plan.

The definition of an “Acquiring Person” was changed in the Amended Rights Plan to reflect trends in recent rights plans by removing the exemption of the Corporation’s employee plans from the definition.

To the knowledge of management of the Corporation, as at March 1, 1995 and as at the date hereof, no person or company owned or owns shares carrying more than 10% of the voting rights attaching to the outstanding securities of the Corporation.

Beneficial Ownership

The Amended Rights Agreement contains a definition of “Beneficial Ownership” under which a Person is deemed to own Voting Shares actually held by others in circumstances where those holdings are or may be presumed to be part of holdings which should be grouped together for purposes of the Amended Rights Agreement. Included are holdings by Affiliates of such Person, holdings by certain partnerships and trusts in which such Person or its Affiliates have an interest and holdings by Associates of either of them or by other Persons who are acting jointly or in concert with such Person or its Affiliates.

In the Existing Rights Plan there are exemptions for portfolio managers and trust companies so that they are not

deemed to Beneficially Own Voting Shares held by them in the ordinary course of their businesses. Such exempted shareholders may hold more than 20% of the outstanding Voting Shares without, as a result of that holding, becoming an Acquiring Person or being disqualified as an Independent Shareholder so long as they are not participating in a take-over bid.

The definition of “Beneficial Ownership” has been changed in the Amended Rights Plan to reflect trends in recent rights plans. Reference should be made to this definition to determine inclusions and exclusions in particular circumstances. The principal change is that, as in the case of portfolio managers and trust companies, Voting Shares held for qualified pension funds are now excluded from the definition of Beneficial Ownership.

Independent Shareholders

Only Independent Shareholders are entitled to approve a particular Permitted Bid by tendering their shares. Under the Existing Rights Plan, Independent Shareholders did not include (i) Acquiring Persons, (ii) a person who has made a take-over bid for the Corporation’s shares, (iii) any person acting jointly or in concert with such persons, and (iv) any Associate or Affiliate of such persons. Recent rights plans have responded to concerns that target corporation employee plans should not be considered to be Independent Shareholders for this purpose, and have excluded them from the definition. Under the Amended Rights Plan, the Corporation’s employee plans are no longer Independent Shareholders.

Flip-over Events

“Flip-over Events,” which trigger the Existing Rights Plan in the event that there is a consolidation, merger or amalgamation with another corporation or a sale of more than 50% of its assets or of assets which produce more than 50% of its revenue, have been deleted under the Amended Rights Plan. The Rights issued under the Existing Rights Plan allowed the acquisition of shares in the surviving corporation at half market value. In Canada, shareholder rights in these circumstances are adequately protected by corporate and securities legislation requiring approval by a majority of the minority shareholders. Therefore, this concept is unnecessary.

Exchange Option

If the board of directors determines that conditions exist which would eliminate or materially diminish the benefits intended to be afforded to the holders of Rights pursuant to the Amended Rights Agreement, it may, at its option and without seeking the approval of the holders of Voting Shares or Rights, at any time after a Flip-in Event has occurred, authorize the Corporation to issue or deliver in respect of each Right which is not void pursuant to the Flip-in Event provisions, either:

- (i) in return for the Exercise Price and the Right, cash, debt or equity securities or other assets having a value equal to twice the Exercise Price, or
- (ii) in return for the Right and without further charge, cash, debt or equity securities or other assets having a value equal to the Exercise Price.

This alternative preserves the economic benefit of the Rights by diluting the acquiror’s position and, if option (ii) is exercised, would operate without shareholders being required to actually invest funds.

Protection Against Dilution

Under both the Existing and Amended Rights Plans, the Exercise Price, the number and nature of securities which may be purchased upon the exercise of the Rights and the number of Rights outstanding, are subject to adjustment from time to time to prevent dilution in the event of a stock dividend on, or a subdivision, consolidation or an issuance of Shares (or other exchangeable or convertible securities) in exchange for existing Shares and in other circumstances where adjustment is appropriate to protect the holder of Rights.

Redemption and Waiver

The board of directors may, at its option, at any time prior to the occurrence of a Flip-in Event, elect to redeem the then outstanding Rights at a redemption price of \$0.01 per Right (the “Redemption Price”). If following a successful Permitted Bid or a Competing Permitted Bid, an Offeror has acquired a majority of the outstanding Voting Shares, then the board of directors is deemed to have elected to redeem the Rights at the Redemption Price. Where a take-over bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the board of directors may elect to redeem all the outstanding Rights at the Redemption Price.

The board of directors may, prior to a Flip-in Event waive or defer the application of the provisions of the Amended Rights Agreement relating to that Flip-in Event.

Waiver of Inadvertent Flip-in Events

The board of directors may, within ten Business Days following the date that a person becomes an Acquiring Person, waive the application of the provisions of the Amended Rights Plan relating to Flip-in Events, provided that such Acquiring Person has reduced its Beneficial Ownership of Voting Shares to below 20%, or has agreed to do so within 30 days.

Supplements and Amendments

Under the Existing Rights Plan, the Corporation could, without any approval by holders of Rights, make any changes to the Plan except to change the Expiration Time, increase the Exercise Price or change the 15% threshold for an Acquiring Person.

Under the Amended Rights Plan, the right of the Corporation to make changes without any approval of the holders of Rights or Voting Shares is limited to amendments to cure ambiguous, inconsistent or defective provisions.

The Corporation may also make amendments, effective upon adoption, required to maintain the validity and effectiveness of the Amended Rights Agreement as a result of any change in any applicable laws or regulatory requirements. However, any such amendments will cease to be effective unless approved by the holders of Voting Shares or, after the Separation Time, the Rights, at or immediately following the next general meeting of shareholders of the Corporation.

Any other changes (whether or not they materially adversely affect the holders of Rights) may be made by the Corporation only with the prior consent of the holders of Voting Shares, or, after the Separation Time, the Rights.

The consent of the holders of Voting Shares or Rights is to be given at a special meeting held in accordance with applicable laws and the Corporation's articles and by-laws by a majority of the votes cast by shareholders (other than any holder of Voting Shares who is an Offeror pursuant to a take-over bid that is not a Permitted Bid or a Competing Permitted Bid or of Rights which have become null and void pursuant to the Amended Rights Agreement).

Income Tax Consequences

While the matter is not free from doubt, the issue of Rights may be a taxable benefit which must be included in the income of shareholders. However, no amount must be included in income if the Rights do not have a monetary value at the date of issue. The Corporation considers that the Rights had no value at the date they were issued, there being only a remote possibility that the Rights will ever be exercised.

Assuming that the Rights have no value, Canadian shareholders will not be required to include any amount in income or be subject to withholding tax under the *Income Tax Act* (Canada) as a result of the issuance of the Rights. The Rights will be considered to have been acquired at a cost of nil. Similarly, the adoption of the Shareholder Rights Plan and the issuance of Rights to United States shareholders will have no current United States income tax consequences to them.

Where Rights are disposed of (otherwise than on the exercise thereof) either separately or by virtue of the disposition of the Shares to which they are attached, holders thereof may be subject to tax in respect of the proceeds, if any, allocable to such Rights.

The preceding statements are of general nature and are not intended to constitute nor should they be construed to constitute legal or tax advice to any particular shareholder. Shareholders are advised to consult their own tax advisers regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and applicable foreign or provincial legislation.

Eligibility for Investment in Canada

The Rights are qualified investments under the *Income Tax Act* (Canada) for registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs") and deferred profit sharing plans ("DPSPs") and will not constitute foreign property of any such plan or any other taxpayer subject to Part XI of the *Income Tax Act* (Canada), provided that the Shares continue to be qualified investments that are not foreign property for such plans. The issue of Rights will not affect the status of the Shares under the *Income Tax Act* (Canada) as qualified property which is not foreign property.

The issue of Rights does not affect the eligibility of the Shares as investments for investors governed by certain Canadian federal and provincial legislation governing insurance companies, trust companies, loan companies and pension plans.

Related Party Transactions

Under an agreement expiring in 2001, the Corporation is required to offer to ULS Corporation, ("ULS"), 49 Jackes Avenue, Toronto, 100% (or in some circumstances 80%) of its requirements for water carriage of iron ore, coal and certain by-products between the Great Lakes and St. Lawrence River ports and Hamilton, and ULS is required to provide carriage. Freight rates and the basis of computing demurrage are to be settled at or prior to the commencement of each navigation season. Freight rates are to be ascertained by reference to competitive freight rates then prevailing or, in the absence of prevailing competitive rates, by agreement.

The Corporation has paid approximately \$26.5 million to ULS under the agreement with respect to shipments made during the period January 1, 1994 to March 1, 1995. ULS is a subsidiary of Upper Lakes Group Inc. Mr. J.D. Leitch, King City, Ontario, a director of the Corporation, is a director of, and consultant to, Upper Lakes Group Inc. In addition Mr. Leitch controls John Leitch Investments Inc., and is a trustee of a trust, both of which are shareholders of Upper Lakes Group Inc.

Executive Compensation

The following disclosure of executive compensation provides information on the compensation earned by the Corporation's Chief Executive Officer and its next four most highly compensated policy-making executive officers during the year ended December 31, 1994 (collectively, the "Named Executive Officers"), as required by the *Ontario Securities Act*.

Composition of the Compensation Committee

The Human Resources Committee serves as the Compensation Committee of the Corporation. The following directors were members of the Human Resources Committee during 1994:

J.E. Akitt (appointed May 6)	R.C. Dowsett (appointed May 6)
G.H. Blumenauer	F.H. Logan (resigned May 6)
J.R. Evans	D.R. McCamus
G.A. Kenney-Wallace	F.H. Sherman (resigned May 6)
J.D. Leitch	

Mr. Sherman was the Honorary Chairman and an officer of the Corporation, while a member of the Committee. Mr. Leitch, a director of the Corporation and a member of the Committee, has a relationship with ULS, a supplier to the Corporation, that has been disclosed in this circular under the heading "Related Party Transactions."

Report on Executive Compensation

The Human Resources Committee assists the board of directors in meeting its responsibilities to the Corporation, its shareholders and employees in the broad area of human resource management. As part of its mandate, the Committee makes specific recommendations to the board regarding the compensation of senior management, including the Named Executive Officers.

In evaluating employment costs and market competitiveness, the Committee considers "Total Compensation,"

which it defines as including base salary, short term variable compensation, long term variable compensation, benefits and perquisites. Through independent compensation consultants, the Committee collects information on Total Compensation for a comparator group consisting of large (revenue of greater than \$500 million) autonomous Canadian industrial organizations. This information is supplemented with other survey material on both the specific components of compensation and the Total Compensation of a broader group.

The Committee has adopted a policy to position Total Compensation of senior management at the median based on the comparator group. A key principle in the design of the compensation package is an emphasis on variable compensation based on corporate performance. As a result, Total Compensation for senior management will be below the median for the comparator group in years of poor corporate performance and above the median for the comparator group in years where performance is superior.

Base Salary

The Committee reviews and recommends to the board on an annual basis both the salary ranges and the actual base salaries for senior management employees, including the Named Executive Officers. The salary ranges are determined by comparison to the comparator group and to the supplementary survey material. The recommendation on the actual base salary for each of such employees is based on their performance and level of experience.

Short Term Variable Compensation Plan

The Corporation has a Short Term Variable Compensation Plan which provides senior management employees with the opportunity to earn an annual cash award based on the achievement of corporate performance levels and the attainment of individual performance goals. Corporate performance is measured against a targeted rate of return on capital employed, which is approved by the board. Individual performance is measured against specific goals jointly determined by the employees and their direct supervisor, and then approved by the Chief Executive Officer to ensure consistency with the overall corporate objectives. Both the corporate performance target and the individual performance goals are established at the beginning of the year.

The Committee reviews and recommends to the board the design of and participation in this Short Term Variable Compensation Plan and the annual payments to the participants. Each employee's award is based on their salary midpoint. The percentage of Total Compensation represented by the Short Term Variable Compensation Plan increases at higher management levels, so that the more senior the position an employee holds, the more remuneration they have at risk. For the Named Executive Officers, other than the Chief Executive Officer, the target award is 35% of salary midpoint (50% for the Chief Executive Officer). The actual award can vary between zero and two times the target award, based on corporate performance.

Dofasco's corporate performance in 1994 exceeded the target established at the beginning of the year. The payments made to each Named Executive Officer under the Short Term Variable Compensation Plan for 1994 reflect their achievement against their individual goals, as well as overall corporate performance.

Long Term Variable Compensation Plan

The Corporation utilizes stock option plans to provide the long term variable compensation component of Total Compensation. The purpose of these plans is to focus the efforts of senior management on the longer term interests of the Corporation and its shareholders. Under the current stock option plan, options are granted at market price, vest equally on the first, second and third anniversaries of the grant, and expire after 10 years. The number of options granted to eligible employees is based on their salary midpoint. As in the Short Term Variable Compensation Plan, the percentage of Total Compensation which is represented by options increases with the seniority of the position. The Committee reviews and recommends to the board the design of and participation in the stock option plan, including the size of the grants.

Benefits and Perquisites

The benefits and perquisites provided to senior management by the Corporation are also valued in assessing the competitiveness of their Total Compensation. The benefits include items such as retirement income and group insurance, while the perquisites are primarily business related and include items such as club memberships, automobiles and tax return preparation for the Named Executive Officers. The value of benefits and perquisite programs in place at the Corporation is generally competitive with the comparator group for the Named Executive Officers.

Chief Executive Officer

The relative weighting of the various components of the Chief Executive Officer's Total Compensation, based on the compensation design described above, including the target awards for the Chief Executive Officer under the Short Term Variable Compensation Plan and the stock option plan, is:

Total Compensation Component	Percentage of Total Compensation Package
Base Salary	44%
Short Term Variable Compensation Plan	22%
Stock Option Plan	22%
Benefits	10%
Perquisites	2%
TOTAL	100%

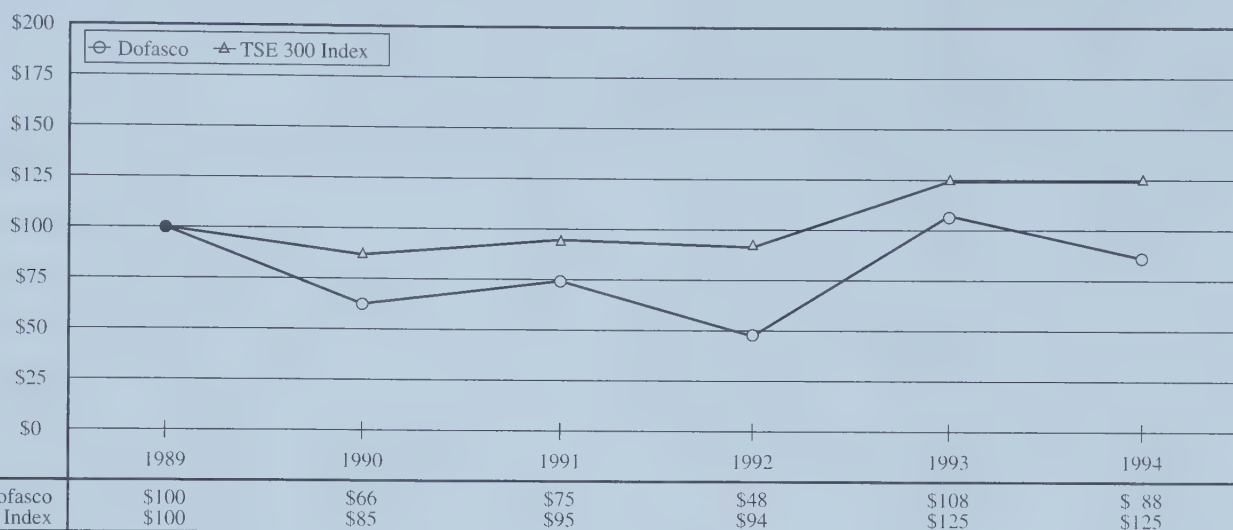
Presented by the Committee

J.E. Akitt	G.A. Kenney-Wallace
G.H. Blumenauer	J.D. Leitch
R.C. Dowsett	D.R. McCamus
J.R. Evans	

Performance Graph

The following graph compares the total cumulative shareholder return over the last five years for \$100 invested in common shares of the Corporation at December 31, 1989 (assuming the reinvestment of dividends) with that of the total cumulative return of the TSE 300 Stock Index.

Five-Year Cumulative Total Return on \$100 Investment



Summary Compensation Table

The following table provides a summary of the compensation earned during the last three fiscal years for each of the Named Executive Officers.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation		All Other Compensation (\$)(5)
					Awards	Payments	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(3)	Securities Under Options Granted (#)(4)	Long Term Incentive Program Payments (\$)	
J.T. Mayberry (1) President & Chief Executive Officer	1994	435,002	368,600	1,751	55,200	Ø	16,207
	1993	383,452	Ø	5,356	42,100	Ø	2,055
	1992	300,000	Ø		13,680	Ø	
R.J. Swenor Senior Vice President - Corporate Administration	1994	234,830	110,200	3,817	20,700	Ø	12,084
	1993	234,820	Ø	773	15,900	Ø	1,888
	1992	234,820	Ø		12,864	Ø	
B.P. Solski Senior Vice President - Financial	1994	231,810	120,000	2,776	20,700	97	4,152
	1993	219,600	Ø	4,569	15,900	Ø	1,790
	1992	212,669	Ø		10,512	Ø	
D.A. Pether Vice President - Commercial	1994	204,040	129,100	3,300	22,800	36,456	4,018
	1993	179,260	Ø	5,530	17,500	Ø	1,562
	1992	165,198	Ø		7,488	Ø	
J.N. Lockington (2) Vice President - Technology	1994	160,590	122,200	1,208	18,600	23,600	7,726
	1993	134,190	Ø	4,839	14,100	Ø	1,560
	1992	115,886	Ø		5,424	Ø	

Note (1) Mr. Mayberry was appointed President and Chief Executive Officer on January 26, 1993.

Note (2) Mr. Lockington was appointed Vice President - Technology on February 5, 1993.

Note (3) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total annual salary and bonus for any of the Named Executive Officers. The amounts in this column relate to amounts reimbursed for the payment of taxes incurred for business reasons.

Note (4) The figures shown for 1992 relate to the accrual of additional options pursuant to an option granted in previous years. The securities are common shares.

Note (5) Includes contributions to the Dofasco Employees' Savings and Profit Sharing Fund, the Dofasco Employees' Deferred Profit Sharing Plan, the cost of Term Life Insurance and Vacation Pay Bonus.

Option Grants During the Year Ended December 31, 1994

The following table provides the details of the grants made to the Named Executive Officers under the Corporation's stock option plan for the 1994 fiscal year.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
J.T. Mayberry	55,200	9.9%	\$20.875	\$20.875	May 26, 2004
R.J. Swenor	20,700	3.7%	\$20.875	\$20.875	May 26, 2004
B.P. Solski	20,700	3.7%	\$20.875	\$20.875	May 26, 2004
D.A. Pether	22,800	4.1%	\$20.875	\$20.875	May 26, 2004
J.N. Lockington	18,600	3.3%	\$20.875	\$20.875	May 26, 2004

Note: The options granted in 1994 were for Dofasco common shares. The first one-third become exercisable after one year, the second one-third after two years and the final one-third after three years.

Aggregated Option Exercises During The Financial Year Ended December 31, 1994 and Financial Year-end Option Values

The following table sets out, for each of the Named Executive Officers, any options exercised during the year ended December 31, 1994 and the current value of any unexercised options at December 31, 1994.

Name	Securities Acquired on Exercise (#)	Aggregate Realized Value (\$)	Unexercised Options at December 31, 1994 (#)		Value of Unexercised in-the-Money Options at December 31, 1994 (2) (\$)	
			Exercisable	Unexercisable (1)	Exercisable	Unexercisable
J.T. Mayberry	Ø	Ø	14,033	83,267	57,886	115,776
R.J. Swenor	Ø	Ø	5,300	31,300	21,863	43,725
B.P. Solski	16	97	5,300	31,300	21,863	43,725
D.A. Pether	5,833	36,456	Ø	34,467	Ø	48,126
J.N. Lockington	4,700	29,375	Ø	28,000	Ø	38,775

Note (1) The unexercisable options will become exercisable over the next three years as they become vested.

Note (2) The value of the unexercised options is based on the December 31, 1994 closing price of \$18.875 of the Corporation's common shares.

Pension Plan Table

The following table sets out the annual amount which would be payable to the Named Executive Officers based on retirement at age 65, at various levels of remuneration and years of service.

Remuneration	Years of Service					
	15	20	25	30	35	40
\$125,000	\$ 32,813	\$ 43,750	\$ 54,688	\$ 65,625	\$ 76,563	\$ 87,500
\$150,000	\$ 39,375	\$ 52,500	\$ 65,625	\$ 78,750	\$ 91,875	\$105,000
\$175,000	\$ 45,938	\$ 61,250	\$ 76,563	\$ 91,875	\$107,188	\$122,500
\$200,000	\$ 52,500	\$ 70,000	\$ 87,500	\$105,000	\$122,500	\$140,000
\$225,000	\$ 59,063	\$ 78,750	\$ 98,438	\$118,125	\$137,813	\$157,500
\$250,000	\$ 65,625	\$ 87,500	\$109,375	\$131,250	\$153,125	\$175,000
\$300,000	\$ 78,750	\$105,000	\$131,250	\$157,500	\$183,750	\$210,000
\$400,000	\$105,000	\$140,000	\$175,000	\$210,000	\$245,000	\$280,000
\$500,000	\$131,250	\$175,000	\$218,750	\$262,500	\$306,250	\$350,000
\$600,000	\$157,500	\$210,000	\$262,500	\$315,000	\$367,500	\$420,000
\$700,000	\$183,750	\$245,000	\$306,250	\$367,500	\$428,750	\$490,000
\$800,000	\$210,000	\$280,000	\$350,000	\$420,000	\$490,000	\$560,000

Note (1) The remuneration used to calculate retirement benefits for Named Executive Officers is their salary (as defined for purposes of the Summary Compensation Table) plus 50% of any bonus paid. Retirement benefits are calculated using the average remuneration for the best five years out of the last 10 years.

Note (2) The credited years of service for the Named Executive Officers as at December 31, 1994 are as follows:

J.T. Mayberry	27.583 years	D.A. Pether	24.250 years
R.J. Swenor	35.750 years	J.N. Lockington	21.583 years
B.P. Solski	24.067 years		

Note (3) Retirement benefits which are in excess of the amount which can be paid pursuant to the Corporation's pension plans will be paid under consulting contracts between the Corporation and each of the Named Executive Officers.

Note (4) The above retirement benefits, which are calculated on a life guaranteed five year basis, are reduced after age 65 by an amount approximating the government pension benefits.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation has contracts with each of the Named Executive Officers which provide for payment to them of retirement benefits calculated as described under "Pension Plan Table." The contracts with Messrs. Mayberry, Swenor, Solski and Pether also provide that if their employment is terminated by the Corporation otherwise than on grounds which, in law, constitute justifiable cause for dismissal without notice, the Corporation must pay to them, commencing on the date of termination, an annual amount calculated in accordance with the Pension Plan Table, with a 50% continuing payment to a surviving spouse. Payments under these contracts are reduced by the amount of any payments made to the Named Executive Officer under the Corporation's pension plans and by an amount approximating government pension benefits. During the Corporation's fiscal year ended December 31, 1994, \$363,000 was accrued with respect to these contracts.

Compensation of Directors

Each non-employee director receives from the Corporation an annual retainer of \$16,000 and a fee of \$1,000 per meeting. One quarter of the annual retainer is used to purchase Dofasco common shares on behalf of the director. In addition, each non-employee director who is a member of a board committee of the Corporation (excluding the Chairman of the committee) receives an annual retainer of \$2,500 and a fee of \$1,000 per meeting. The Chairman of each such committee receives an annual retainer of \$5,000 and a fee of \$1,000 per meeting.

Approval of Directors

The contents and the sending of this management proxy circular have been approved by the directors.

A handwritten signature in dark ink, appearing to read 'U. Soomet', with a stylized flourish at the end.

U. Soomet
Secretary

DATED as of March 1, 1995.

Each shareholder whose proxy is being solicited pursuant to this Management Proxy Circular may, upon request to the Secretary of the Corporation, obtain the latest Annual Information Form filed by the Corporation with the Securities Commission or comparable regulatory authority in each Province of Canada, together with a copy of any document or the pertinent pages of any document incorporated therein by reference.

SCHEDULE A

RESOLVED that the articles of the corporation be amended by adding to section 5 thereof the following:

“The directors may, in addition to filling vacancies on the board of directors, appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders of the corporation, but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders.”

SCHEDULE B

SHAREHOLDERS' RESOLUTION - BY-LAW G1

RESOLVED that:

1. By-Law G1 of the corporation, being the general by-law of the corporation, be and it is hereby amended as follows:
 - (a) by substituting the word “chair” for the word “chairman” each place it appears and by making all other necessary changes so as to render By-Law G1 gender neutral; and
 - (b) by deleting paragraphs (d) and (e) of section 2 and substituting the following:
 - “(d) The chair of the board, if present, shall preside at all meetings of the board; provided that, in the absence or refusal to act of the chair of the board, the president shall preside. In the absence or refusal to act of the officers who would if present be entitled to preside at any meeting, or if the relevant office is vacant, the meeting shall appoint a chair.
 - (e) The chair of the board, if present, shall preside at all meetings of shareholders; provided that, in the absence or refusal to act of the chair of the board, the president shall preside. In the absence or refusal to act of the officers who would if present be entitled to preside at any meeting, or if the relevant office is vacant, the board shall appoint a chair; and in the event the board shall fail to make such appointment, the meeting shall appoint a chair.”
2. Any officer or director of the corporation is authorized and directed to do all acts and to execute and deliver all documents necessary or desirable to give effect to the foregoing resolutions.

SCHEDULE C

RESOLUTION

RECONFIRMATION OF SHAREHOLDER RIGHTS PLAN

RESOLVED THAT:

The Amended and Restated Shareholder Rights Agreement dated as of May 5, 1995 between Dofasco Inc. and The R-M Trust Company, which is attached as Schedule D to the Management Proxy Circular for this meeting, be and is hereby approved and reconfirmed.

SCHEDULE D

AMENDED AND RESTATED

SHAREHOLDER RIGHTS AGREEMENT

dated as of

May 5, 1995

between

DOFASCO INC.

and

THE R-M TRUST COMPANY

as Rights Agent

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AMENDED AND RESTATED SHAREHOLDER RIGHTS AGREEMENT

AMENDED AND RESTATED SHAREHOLDER RIGHTS AGREEMENT dated as of the 5th day of May, 1995, between **DOFASCO INC.**, a corporation incorporated under the laws of Canada (the “Corporation”) and **THE R-M TRUST COMPANY**, a trust company incorporated under the laws of Canada, as Rights Agent (the “Rights Agent,” which term shall include any successor Rights Agent hereunder);

WHEREAS the Board of Directors has determined that it is advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the “Rights Plan”); and

WHEREAS in order to implement the Rights Plan the Board of Directors has:

- (a) authorized and declared a distribution of one right (“Right”) effective the Close of Business (as hereinafter defined) on November 24, 1989 in respect of each Share (as hereinafter defined) outstanding at the Record Time (as hereinafter defined); and
- (b) authorized the issuance of one Right in respect of each Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and

WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein; and

WHEREAS the Corporation entered into a Rights Agreement dated as of the 24th day of November, 1989 with National Trust Company, which agreement was amended as of the 2nd day of March, 1990 (the “Original Agreement”); and

WHEREAS, effective as of the 1st day of December, 1990, the Corporation appointed The Royal Trust Company as the Rights Agent to act on behalf of the Corporation in the place and stead of National Trust Company; and

WHEREAS, effective as of the 15th day of September, 1992, the Corporation appointed the Rights Agent to act on behalf of the Corporation in the place and stead of The Royal Trust Company in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein; and

WHEREAS the Board of Directors has determined that it is advisable and in the best interests of the Corporation to amend the original agreement as and to the extent reflected in this amended and restated shareholder rights agreement;

NOW THEREFORE in consideration of the premises and respective agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

“**1933 Securities Act**” shall mean the Securities Act of 1933 of the United States, as amended and the rules and regulations thereunder, and any comparable or successor laws or regulations thereto.

“**1934 Exchange Act**” shall mean the Securities Exchange Act of 1934 of the United States, as amended, and the rules and regulations thereunder, and any comparable or successor laws or regulations thereto.

“**Acquiring Person**” shall mean, any Person who is at any time the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation; provided, however, that the term “**Acquiring Person**” shall not include:

- (i) the Corporation or any Subsidiary of the Corporation;
- (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation as a result of one or any combination of:

(A) an acquisition or redemption by the Corporation of Voting Shares of the Corporation which, by reducing the number of Voting Shares outstanding, increases the proportionate number of Voting Shares Beneficially Owned by such Person to 20% or more of the Voting Shares of the Corporation then outstanding,

(B) a Pro Rata Acquisition, or

(C) a Permitted Bid Acquisition, or

(D) an Exempt Acquisition;

provided further, however, that if a Person shall become the Beneficial Owner of 20% or more of the Voting Shares of the Corporation then outstanding by reason of such a share

acquisition or redemption by the Corporation or a Pro Rata Acquisition or a Permitted Bid Acquisition or an Exempt Acquisition and thereafter increases its Beneficial Ownership of Voting Shares (other than pursuant to one or any combination of a Permitted Bid Acquisition or an Exempt Acquisition or a Pro Rata Acquisition), then as of the date that such Person becomes the Beneficial Owner of such additional Voting Securities of the Corporation, such Person shall become an “Acquiring Person”;

(iii) for the period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation as a result of such Person becoming disqualified from relying on Subclause (vii), (viii) or (ix) of the definition of Beneficial Owner hereof because such Person makes or proposes to make a Take-over Bid in respect of securities of the Corporation alone or by acting jointly or in concert with any other Person or becomes otherwise disqualified (the first date of public announcement of facts indicating that any Person has participated in, has made, proposes or intends to make or is participating in a Take-over Bid alone or by acting jointly or in concert with any other Person (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 101 of the Securities Act or Section 13(d) under the 1934 Exchange Act) by such Person or the Corporation of the intent to commence such a Take-over Bid or has otherwise become disqualified being herein referred to as the “Disqualification Date”); and

(iv) an underwriter or member of a banking or selling group that acquires Voting Shares of the Corporation from the Corporation in connection with a bona fide distribution to the public of securities.

“Affiliate” when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.

“Associate” when used to indicate a relationship with a specified Person shall mean:

(i) a corporation of which such specified Person (1) owns at law or in equity shares or securities currently convertible into shares carrying more than 10% of the voting rights exercisable with respect to the election of directors under all circumstances or by reason of the occurrence of an event that has occurred and is continuing, or a currently exercisable option or right to purchase such shares or such convertible securities, and (2) with whom such specified Person is acting jointly or in concert;

(ii) a partner of that Person acting on behalf of the partnership of which they are partners;

(iii) a trust or estate in which such specified Person has a beneficial interest and with whom that Person is acting jointly or in concert or in which such specified Person has a 50% or greater beneficial interest or in respect of which such specified Person serves as a trustee or in a similar capacity provided, however, that a Person shall not be an Associate of a trust by reason only of the fact that such Person serves as a trustee or in a similar capacity in relation to such trust if such Person is duly licensed to carry on the business of a trust company under applicable laws or if the ordinary business of such Person includes the management of investment funds for unaffiliated investors and such Person acts as a trustee or in a similar capacity in relation to such trust in the ordinary course of such business; and

(iv) a spouse of such specified Person, any Person with whom such specified Person is living in a conjugal relationship outside marriage, a child of such specified Person, or a relative of such specified Person who has the same residence as such specified Person.

A Person shall be deemed the “Beneficial Owner” and to have “Beneficial Ownership” of and to “Beneficially Own,”:

(i) any securities as to which such Person (or any of such Person’s Affiliates) is the direct or indirect beneficial owner and, for this purpose, a Person shall be deemed to be the beneficial owner of all securities:

- A. owned by a partnership of which such Person is a partner;
- B. owned by a trust in which the Person has a beneficial interest and which is acting jointly or in concert with that Person or of which the Person has a 50% or greater beneficial interest;
- C. of which any Associate of such Person is the beneficial owner;
- D. owned jointly or in common with others; and
- E. of which such Person is deemed to be the beneficial owner pursuant to the Corporations Act or the Securities Act for the purposes of insider trading or take-over bids or pursuant to Rule 13d-3 or 13d-5 under the 1934 Exchange Act, whether or not such laws or rules apply to such Person and whether or not such beneficial owner or deemed beneficial owner is the holder of record of such securities;

(ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has:

- A. the right to acquire (whether such right is exercisable immediately or after the passage of time or upon the occurrence of a contingency or payment of instalments or otherwise) pursuant to any agreement, arrangement,

- pledge or understanding or otherwise, whether or not in writing, (other than customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a bona fide public offering of securities and other than pledges of securities in the ordinary course of business that meet all of the conditions specified in Rule 13d-3(d)(3) under the 1934 Exchange Act except for the condition in Rule 13d-3(d)(3)(ii)), and except for a pledge agreement with a registered securities dealer relating to the extension of credit for purchases of securities on margin in the ordinary course of the dealer's business; or
- B. the right to vote such securities (whether such right is exercisable immediately or after the passage of time or upon the occurrence of a contingency or otherwise) pursuant to any agreement, arrangement, pledge or understanding (whether or not in writing), or otherwise (other than pledges of securities in the ordinary course of business that meet all of the conditions specified in Rule 13d-3(d)(3) under the 1934 Exchange Act other than the condition in Rule 13d-3(d)(3)(ii) and other than a pledge agreement with a registered securities dealer relating to the extension of credit for purchases of securities on margin in the ordinary course of the dealer's business); and
- (iii) any securities which are Beneficially Owned within the meaning of paragraphs (i) or (ii) of this definition by any other Person with which such Person is acting jointly or in concert or with which, and in respect of which securities, such Person or any of such Person's Affiliates has any agreement, arrangement or understanding whether or not in writing (other than (x) customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a bona fide distribution to the public of securities and (y) pledges of securities in the ordinary course of business that meet all of the conditions specified in Rule 13d-3(d)(3) under the 1934 Exchange Act other than the condition in Rule 13d-3(d)(3)(ii) and other than a pledge agreement with a registered securities dealer relating to the extension of credit for purchases of securities on margin in the ordinary course of the dealer's business) with respect to or for the purpose of acquiring, holding, voting or disposing of any Voting Shares;
- provided, however, that a Person shall not be deemed the "Beneficial Owner," or to have "Beneficial Ownership," of, or to "Beneficially Own," any security
- (iv) by reason of such security having been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition until the earlier of such deposited or tendered security being accepted unconditionally for payment or exchange or being taken up and paid for;
- (v) by reason of such Person or any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition having or sharing the power to vote or direct the voting of such security pursuant to a revocable proxy given in response to a public proxy solicitation;
- (vi) by reason of such Person or any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition having or sharing the power to vote or direct the voting of such security in connection with, or in order to participate in, a public proxy solicitation made or to be made;
- (vii) by reason of such Person, any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition (hereinafter in this definition referred to as the "Manager") holding or exercising voting or dispositive power over such security, provided that:
- A. the ordinary business of the Manager includes the management of investment funds for others and such voting or dispositive power over such security is held by the Manager in the ordinary course of such business in the performance of such Managers' duties for the account of any other person (the "Client") who is not an Associate or Affiliate of the Manager; and
- B. the Manager does not make or propose to make a Take-over Bid by means of a Take-over Bid circular or any other means (other than an Offer to Acquire Voting Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market), alone or acting jointly or in concert with any other Person;
- (viii) by reason of such Person, any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition (hereinafter in this definition referred to as the "Trust Company") holding or exercising voting or dispositive power over such securities, provided that:
- A. the Trust Company is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in similar capacity in relation to the estates of deceased or incompetent Persons (each an "Estate Account") or in relation to other accounts (each an "Other Account") and holds such voting or dispositive power over such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts, where such estate or any beneficiary thereof is not an Associate or Affiliate of the Trust Company; and
- B. the Trust Company does not make or propose to make a Take-over Bid by means of a Take-over Bid circular or any other means (other than an Offer to Acquire Voting

Shares or other securities by means of a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market), alone or acting jointly or in concert with any other Person;

- (ix) by reason of such Person, any of such Person's Affiliates or Associates or any other Person referred to in paragraph (iii) of this definition holding or exercising voting or dispositive power over such security, provided that such Person (hereinafter in this definition referred to as the "Plan Trustee") is established by or under a statute for purposes which include the management of investment funds for pension purposes or is the administrator or trustee of one or more pension funds or plans registered under the laws of Canada or any Province thereof or under the corresponding laws of any other jurisdiction by which such fund or plan is regulated, and holds such securities solely for the purposes of its activity as such a Person, provided that such Person:

A. holds such security for investment purposes; and

B. is not acting jointly or in concert with any other Person; or

- (x) by reason of such Person being a Client of the same Manager as another Person on whose account the Manager holds or exercises voting or dispositive power over such security, or by reason of such Person being an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds or exercises voting or dispositive power over such security or by reason of such Person being a pension fund or plan which has a Plan Trustee which is also a trustee for another pension fund or plan.

For purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, all Voting Shares as to which such Person is deemed the Beneficial Owner shall be deemed outstanding.

"Board of Directors" shall mean the board of directors of the Corporation.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the City of Toronto are authorized or obliged by law to close.

"Canadian Dollar Equivalent" of any amount which is expressed in United States dollars shall mean on any date the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;

"Canadian-U.S. Exchange Rate" shall mean on any date the inverse of the U.S.-Canadian Exchange Rate;

"Close of Business" on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal office of the transfer agent for the Common Shares in the City of Toronto (or, after the Separation Time, the principal office of the Rights Agent in the City of Toronto) is closed to the public.

"Common Shares" shall mean the Common Shares in the capital of the Corporation; provided, however, that **"Common Shares,"** when used with reference to any Person other than the Corporation, shall mean the class or classes of shares (or similar equity interest) with the greatest per share voting power entitled to vote generally in the election of all directors of such other Person or the equity securities or other equity interest having power (whether or not exercised) to control or direct the management of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned other Person.

"Competing Permitted Bid" means a Take-over Bid made by an Offeror that is made by means of a Take-over Bid circular, and which also complies with the following additional requirements:

- (i) the Take-over Bid is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid;

- (ii) the Take-over Bid is made for the same class or classes of Voting Shares of the Corporation as are subject to the preceding Permitted Bid and to all holders of record of such class or classes of Voting Shares wherever resident as registered in the books of the Corporation, other than the Offeror; and

- (iii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:

- A. no Voting Shares will be taken up or paid for pursuant to the Take-over Bid (x) prior to the Close of Business on the Expiry Date of the Permitted Bid that preceded the Competing Permitted Bid and (y) unless, at the time that the Voting Shares are to be taken up, more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- B. voting Shares of the Corporation may be deposited pursuant to such Take-over Bid, unless the Take-over Bid is withdrawn, at any time prior to the Close of Business on the Expiry Date of the Permitted Bid that preceded the Competing Permitted Bid;
- C. any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- D. in the event that the requirement set forth in Subclause (iii)(A)(y) of this definition is satisfied, the Offeror will

make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 days from the date of such public announcement.

“controlled”: a corporation shall be deemed to be “controlled” by another Person or two or more Persons if:

- (i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other Person or Persons; and
- (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation.

“Corporations Act” shall mean the Canada Business Corporations Act R.S.C. 1985, c C-44, as amended and the regulations made thereunder and any comparable or successor laws or regulations thereto;

“Election to Exercise” shall have the meaning attributed thereto in Subsection 2.2(d).

“Exempt Acquisition” shall mean a share acquisition in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(g).

“Exercise Price” shall mean, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price shall equal \$100.00.

“Expiry Date of the Permitted Bid” means the date, which shall be not less than 75 days following the date on which the Take-over Bid circular is sent to shareholders of the Corporation, indicated in such circular as the date until which such Permitted Bid is open for acceptance.

“Expiration Time” shall mean the earlier of

- (i) the Termination Time; and
- (ii) the Close of Business on the tenth-year anniversary of the Record Time.

“Flip-in Event” shall mean a transaction or event as a result of which any Person shall become an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the Close of Business on the tenth day (or on such later day as the Board of Directors shall determine) after a Stock Acquisition Date.

“Independent Shareholders” shall mean holders of Voting Shares of the Corporation, other than (i) any Acquiring Person,

(ii) any Offeror, (iii) any Affiliate or Associate of any Acquiring Person or Offeror, (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror or with any Associate or Affiliate of any Acquiring Person or Offeror, and (v) any employee benefit plan, deferred profit sharing plan, stock participation plan or trust for the benefit of employees of the Corporation or a wholly-owned Subsidiary of the Corporation, unless the beneficiaries of such plan or trust are entitled to direct the manner in which such Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid.

“Market Price” per security of any securities on any date of determination shall mean the average of the daily closing prices per security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Day not to be fully comparable with the closing price on such date of determination (or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day), each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination (or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day). The closing price per security of any securities on any date shall be:

- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal stock exchange in Canada on which such securities are listed or posted for trading,
- (ii) if such securities are not listed or posted for trading on any stock exchange in Canada, the last sale price, regular way, or, in case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, for each share of such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading,
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a stock exchange in Canada or a national securities exchange in the United States, the last quoted price, or if not so quoted, the average of the high bid and low asked prices for each share of such securities in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System (“NASDAQ”) or such other system then in use, or

- (iv) if on any such date the securities are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors;

provided, however, that if on any such date the securities are not traded on any stock exchange or in the over-the-counter market, the closing price per security of such securities on such date shall mean the fair value per security of such securities on such date as determined in good faith by the Board of Directors, after consultation with a recognized investment banking firm with respect to the fair value per security of such securities. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof.

“Offer to Acquire” shall include:

- (i) an offer to purchase or a solicitation of an offer to sell, Voting Shares, and
- (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

“Offeror” shall mean a Person who has announced an intention to make or who has made a takeover Bid.

“Permitted Bid” means a Take-over Bid made by an Offeror which is made by means of a Take-over Bid circular and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of the class or classes of Voting Shares of the Corporation which are subject to the Take-over Bid wherever resident as registered in the books of the Corporation other than the Offeror;
- (ii) the Take-over Bid contains, and the take up and payment for securities tendered or deposited thereunder shall be subject to, irrevocable and unqualified conditions that:
 - A. no Voting Shares of the Corporation will be taken up or paid for pursuant to the Take-over Bid (x) prior to the Close of Business on the Expiry Date of the Permitted Bid and (y) unless, at the Close of Business on the Expiry Date of the Permitted Bid, more than 50% of the then outstanding Voting Shares of the Corporation held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

- B. Voting Shares of the Corporation may be deposited pursuant to such Take-over Bid, unless the Take-over Bid is withdrawn, at any time prior to the Close of Business on the Expiry Date of the Permitted Bid;
- C. any Voting Shares of the Corporation deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- D. in the event that the requirement set forth in subclause (ii)(A)(y) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of the class or classes of Voting Shares of the Corporation which are subject to the Take-over Bid for not less than 10 days from the date of such public announcement.

“Permitted Bid Acquisition” shall mean an acquisition of Voting Shares of the Corporation made pursuant to a Permitted Bid or a Competing Permitted Bid.

“Person” shall include any individual, firm, partnership, syndicate, association, trust, trustee, executor, administrator, legal personal representative, government, governmental body or authority, group (as such term is used in Rule 13d-5 under the 1934 Exchange Act, as in effect on the date of this Agreement), corporation or other incorporated or unincorporated organization.

“Preferred Shares” shall mean the \$2.60 Convertible Class C Preferred Shares, Series 1 of the Corporation outstanding at the Record Time.

“Pro Rata Acquisition” shall mean an acquisition of Voting Shares of the Corporation (i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Voting Shares of the Corporation on the same pro rata basis as all other holders of Voting Shares of the same class or series of the Corporation, or (ii) pursuant to a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to the holders of Voting Shares of the Corporation where such plan permits the holder to direct that the dividends paid in respect of such Voting Shares of the Corporation be applied to the purchase from the Corporation of further securities of the Corporation, or (iii) pursuant to the receipt and/or exercise of rights issued by the Corporation to all of the holders of a series or class of Voting Shares of the Corporation to subscribe for or purchase Voting Shares of the Corporation, provided that such rights are acquired directly from the Corporation and not from any other Person.

“Record Time” shall mean the Close of Business on November 23, 1989.

“Redemption Price” shall have the meaning attributed thereto in Section 5.1.

“Rights” shall mean the herein described rights to purchase securities pursuant to the terms and subject to the conditions set forth herein.

“Rights Certificate” shall mean the certificates representing the Rights after the Separation Time which shall be substantially in the form attached hereto as Exhibit “A.”

“Securities Act” shall mean the Securities Act, R.S.O. 1990, c. S-5, as amended, and the regulations made thereunder and any comparable or successor laws or regulations thereto.

“Separation Time” shall mean the Close of Business on the tenth Trading Day after the earlier of

- (i) the Stock Acquisition Date, and
- (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be)

or on such later day as the Board of Directors shall determine; provided that if any such Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such offer shall be deemed, for the purposes of this definition, never to have been made.

“Shares” means the Common Shares and the Preferred Shares.

“Stock Acquisition Date” shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 101 of the Securities Act or Section 13(d) under the 1934 Exchange Act) by the Corporation or an Acquiring Person of facts indicating that an Acquiring Person has become such.

“Subsidiary” of any specified Person shall mean any corporation or other entity of which a majority of the voting power of the equity securities or a majority of the equity interest is Beneficially Owned, directly or indirectly, by such Person.

“Take-over Bid” means an Offer to Acquire Voting Shares of the Corporation or securities convertible into Voting Shares of the Corporation, where the Voting Shares of the Corporation subject to the Offer to Acquire, together with the Voting Shares of the Corporation into which the securities subject to the Offer to Acquire are convertible and the Voting Shares of the Corporation Beneficially Owned by the Offeror and any Person acting jointly and in concert with the Offeror, constitute in the aggregate 20% or more of the outstanding Voting Shares of the Corporation at the date of the Offer to Acquire.

“Termination Time” shall mean the time at which the right to exercise Rights shall terminate pursuant to Subsections 3.2(b) or 5.1(c).

“Trading Day” when used with respect to any securities, shall mean a day on which the principal United States or Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any United States or Canadian securities exchange, a Business Day.

“U.S.-Canadian Exchange Rate” shall mean on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith.

“U.S. Dollar Equivalent” of any amount which is expressed in Canadian dollars shall mean on any date the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

“Voting Shares” when used with reference to the Corporation, shall mean collectively the Common Shares, the Preferred Shares any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of directors and, when used with reference to any Person other than the Corporation, shall mean Common Shares of such other Person and any other shares of capital stock or voting interests of such other Person entitled to vote generally in the election of the directors of such other Person. For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person, shall be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

where

A = the number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

Where any Person is deemed to Beneficially Own unissued Voting Shares, such Voting Shares shall be deemed to be outstanding for the purposes of both A and B above.¹

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

¹NOTE: “Grandfathered Person” provision deleted as a result of deletion of pre-bid limit of 5% for Permitted Bid.

1.3 Number and Gender

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all others.

1.4 Descriptive Headings and References

Descriptive headings and the Table of Contents appear herein for convenience and reference only and shall not affect the meaning or construction of any of the provisions hereof. All references to Articles, Sections, Subsections, Clauses and Exhibits are to the articles, sections, subsections and clauses of and exhibits to and forming part of this Agreement. The words “hereto,” “herein,” “hereof,” “hereunder,” “this Agreement” and similar expressions refer to this Agreement including the Exhibits, as the same may be amended, modified or supplemented from time to time.

1.5 Acting Jointly or in Concert

For purposes of this Agreement, whether Persons are acting jointly or in concert is a question of fact in each circumstance, however, a Person shall be deemed to be acting jointly or in concert with another Person if such Person would be deemed to be acting jointly or in concert with such other Person for purposes of section 91 of the Securities Act (other than by virtue of the reference to an “associate” in such section) as it exists on the date hereof or has any agreement, arrangement or understanding with such other Person with respect to the voting of Voting Shares of the Corporation. Notwithstanding the foregoing and for greater certainty, the phrase “acting jointly or in concert,” wherever used in this Agreement, shall not include conduct:

- (a) unrelated to the Corporation; or
- (b) consisting solely of:
 - (i) voting or directing the vote of securities of the Corporation pursuant to a revocable proxy given in response to a public proxy solicitation;
 - (ii) voting or directing the vote of securities of the Corporation in connection with or in order to participate in a public proxy solicitation made or to be made; or
 - (iii) having an agreement, arrangement or understanding with respect to a particular shareholder proposal or a particular matter to come before a meeting of shareholders of the Corporation, including the election of directors.

1.6 Application of Statutes, Regulations and Rules

Where a statute, regulation or rule is referred to in a definition or other provision of this Agreement, it shall be conclusively

deemed to have application in the contemplated circumstances notwithstanding that such statute, regulation or rule might not, but for the provisions of this Section 1.6 have application for want of jurisdiction or otherwise.

ARTICLE 2 – THE RIGHTS

2.1 Legend on Share Certificates

Certificates for the Shares issued after the Record Time but prior to the Close of Business on the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them a legend, substantially in the following form:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in an amended and restated rights agreement, dated as of the 5th day of May, 1995 (the “Rights Agreement”), between Dofasco Inc. (the “Corporation”) and The R-M Trust Company, as Rights Agent, amending and restating a rights agreement dated November 24, 1989, as amended, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the head office of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended, redeemed, may expire, may become void (if, in certain cases, they are “Beneficially Owned” by an “Acquiring Person,” as such terms are defined in the Rights Agreement or a transferee thereof), or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge promptly after the receipt of a written request therefor.”

Certificates representing Shares that are issued and outstanding at the Record Time shall evidence one Right for each Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

(a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price or its U.S. Dollar Equivalent as at the Business Day immediately preceding the date of exercise of the Right, one Common Share (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

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- (b) Until the Separation Time:
- (i) the Rights shall not be exercisable and no Right may be exercised and,
 - (ii) for administrative purposes, each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) After the Separation Time and prior to the Expiration Time, the Rights may be exercised and the registration and transfer of the Rights shall be separate from and independent of the Shares. Promptly following the Separation Time, the Rights Agent will mail to each holder of record of Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights), at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose),
- (i) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and
 - (ii) a disclosure statement prepared by the Corporation describing the Rights.
- (d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:
- (i) the Rights Certificate evidencing such Rights with an Election to Exercise (an "Election to Exercise") substantially in the form attached to the Rights Certificate appropriately completed and duly executed by the holder or his executors or administrators or other personal representatives or his legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (ii) payment in cash, or by certified cheque or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, with an Election to Exercise appropriately completed and duly executed, which does not indicate that such Right is void as provided by Subsection 3.1(b), accompanied by payment as set forth in Clause 2.2(d)(ii), the Rights Agent (unless otherwise instructed by the Corporation) will thereupon promptly:
- (i) requisition from the transfer agent of the Common Shares certificates for the number of Common Shares to be purchased (the Corporation hereby irrevocably agreeing to authorize its transfer agents to comply with all such requisitions),
 - (ii) after receipt of such certificates referred to in Clause 2.2(e)(i), deliver such certificates to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder,
 - (iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares,
 - (iv) after receipt, deliver such cash referred to in Clause 2.2(e)(iii) to or to the order of the registered holder of the Rights Certificate, and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holders duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such reasonable action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

- (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the Corporations Act, the Securities Act and the securities statute or comparable legislation of each of the other provinces and territories of Canada, the 1933 Securities Act and the 1934 Exchange Act, and other applicable securities laws and the rules and regulations thereunder, and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed upon issuance on the stock exchanges where the Common Shares may be listed at that time; and
- (iv) pay when due and payable any and all Canadian and United States federal, provincial and state transfer taxes (not in the nature of income or withholding taxes) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised.

2.3 Adjustments to Exercise Price; Number of Rights

- (a) The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.
- (b) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
 - (i) declare or pay a dividend on the Common Shares of the Corporation payable in Common Shares or other capital stock of the Corporation (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other capital stock of the Corporation) other than pursuant to any optional stock dividend program;
 - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
 - (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) issue any Common Shares or other capital stock of the Corporation (or other securities exchangeable for or convertible into or giving a right to acquire Common

Shares or other capital stock of the Corporation) in respect of, in lieu of, or in exchange for existing Common Shares,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below. If the Exercise Price and number of Rights outstanding are to be adjusted:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "Expansion Factor") that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof (assuming the exercise of all such exchange or conversion rights, if any); and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof. To the extent that such rights of exchange, conversion or acquisition are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required under Section 3.1.

If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Shares:

- A. pursuant to the conversion of any of the Preferred Shares, the Right associated with such Preferred Share so converted shall automatically become associated with the Common Share issued on such conversion and be represented by the certificate representing such Common share, or

- B. otherwise than in a transaction referred to in this Subsection 2.3(b), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Common Share.

(c) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Common Shares of rights or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange, purchase or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right) per share) less than the Market Price per Common Share on such record date, the Exercise Price shall be adjusted. The Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange, purchase or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and of which the denominator shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors. To the extent that such rights of conversion, exchange or purchase are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any dividend or interest reinvestment plan, the right to

purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

(d) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend (as defined below) or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in Section 2.3(c)), the Exercise Price shall be adjusted. The Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board of Directors) of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to the securities purchasable upon exercise of one Right.

For the purpose of this Section 2.3(d), "Regular Periodic Cash Dividend" shall mean cash dividends paid at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.
- (e) Each adjustment made pursuant to this Section 2.3 shall be made as of:
- (i) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance, in the case of an adjustment made pursuant to Section 2.3(b) above, and
 - (ii) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to Section 2.3(c) or (d) above.

(f) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in Clauses 2.3(b)(i) or (iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by Subsections 2.3(b), (c) and (d) above in connection with such transaction will not appropriately protect the inter-

ests of the holders of Rights, the Corporation may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsections 2.3(b), (c) and (d) above, such adjustments, rather than the adjustments contemplated by Subsections 2.3(b), (c) and (d) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

(g) Notwithstanding anything herein to the contrary, no adjustment of the Exercise Price shall be required unless such adjustment would require increase or decrease of at least one percent in such Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments made pursuant to this Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share, as the case may be.

(h) If as a result of an adjustment made pursuant to Section 3.1 or 3.2, the holder of any Right thereafter exercised shall become entitled to receive any securities other than Common Shares, thereafter the number of such other securities so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Shares contained in Subsections 2.3 (b), (c), (d), (e), (f), (g), (h), (i), (j), (k) and (l), and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other securities.

(i) All Rights originally issued by the Corporation subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(j) Unless the Corporation shall have exercised its election, as provided in Subsection 2.3(k), upon each adjustment of an Exercise Price as a result of the calculations made in Subsections 2.3(c) and (d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) obtained by:

- (i) multiplying (A) the number of Common Shares covered by a Right immediately prior to this adjustment, by (B) the relevant Exercise Price in effect immediately prior to such adjustment of the relevant Exercise Price; and
- (ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(k) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable

upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become the number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 calendar days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Subsection 2.3(k), the Corporation shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(l) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.

(m) In any case in which this Section 2.3 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(n) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in each Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable in order that any (i) subdivision or consolidation of the Common Shares, (ii) issuance wholly for cash of any Common Shares at less than the applicable Market Price, (iii) issuance wholly for cash of any Common Shares or securities that by their terms are exchangeable for or convertible into or give a right to acquire Common Shares, (iv) stock dividends or (v) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares, subject to applicable taxation laws, shall not be taxable to such shareholders.

(o) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by Section 5.1 or 5.4, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(e) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Corporation by its Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, or any Vice President under its corporate seal reproduced thereon attested by any other Vice President, the Secretary or an Assistant Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and deliver such Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange

(a) The Corporation will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holders' instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall

execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security or indemnity as may be required by them to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence a contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.8 Persons Deemed Owners

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name such Rights Certificate (or, prior to the Separation Time, such Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “holder” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Shares).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as

provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting such Rights, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights that:

(a) such holder shall be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

(b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;

(c) after the Separation Time, the Rights will be transferable only on the Rights Register as provided herein;

(d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(e) such holder is not entitled to receive any fractional Rights or fractional Common Shares upon the exercise of Rights; and

(f) this Agreement may be supplemented or amended from time to time as provided herein.

ARTICLE 3 – ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-In Event

(a) Subject to Section 3.2 and Subsections 5.1(f) and 5.1(g), in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall thereafter constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares of the Corporation having an aggregate Market Price on the date of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such Flip-in

Event and event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Common Shares).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by an Acquiring Person shall become null and void without any further action and any holder of such Rights (including any transferee of, or other successor in title to, such Rights, whether directly or indirectly) shall thereafter have no right to exercise such Rights under any provision of this Agreement and shall have no other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this Subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this Subsection 3.1(b) and such Rights shall become null and void.

3.2 Exchange Option

(a) In the event that the Board of Directors shall determine that conditions exist which would eliminate or otherwise materially diminish in any respect the benefits intended to be afforded to the holders of Rights pursuant to this Agreement the Board of Directors may, at its option and without seeking the approval of the holders of Shares or Rights, at any time after a Flip-in Event has occurred, authorize the Corporation to issue or deliver in respect of each Right which is not void pursuant to Subsection 3.1(b) hereof, either:

- (i) in return for the Exercise Price and the Right, cash, debt or equity securities or other assets (or a combination thereof) having a value equal to twice the Exercise Price, or
- (ii) in return for the Right and without further charge, subject to any amounts that may be required to be paid under applicable law, cash debt or equity securities or other assets (or a combination thereof) having a value equal to the Exercise Price,

in full and final settlement of all rights attaching to the Rights, where in either case the value of such debt or equity securities or other assets shall be determined by a nationally recognized investment banking firm selected by the Board of Directors. To the extent that the Board of Directors determines in good faith that some action need be taken pursuant to this Section 3.2, the Board of Directors may suspend the exercisability of the Rights for a period of up to 90 days following the date of the occurrence of the relevant Flip-in Event in order to decide the appropriate form of distribution to be made and to determine the value thereof. In the event of any such suspension, the Corporation shall notify the Rights Agent and issue as promptly as practicable a public announcement stating that the exercisability of the Rights has been temporarily suspended.

(b) If the Board of Directors authorizes the exchange of cash, debt or equity securities or other assets (or a combination thereof) for Rights pursuant to Subsection 3.2(a), without any further action or notice the right to exercise the Rights will terminate and the only right thereafter of a holder of Rights shall be to receive such cash, debt or equity securities or other assets (or a combination thereof) in accordance with the exchange formula authorized by the Board of Directors. Within ten Business Days after the Board of Directors has authorized the exchange of cash, debt or equity securities or other assets (or a combination thereof) for Rights pursuant to Subsection 3.2(a), the Corporation shall give notice of such exchange to the holders of such Rights by mailing such notice to all such holders at their last addresses as they appear upon the register of Rights holders maintained by the Rights Agent. Each such notice of exchange will state the method by which the exchange of cash, debt or equity securities or other assets (or a combination thereof) for Rights will be effected.

ARTICLE 4 – THE RIGHTS AGENT

4.1 General

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents shall be as the Corporation may determine. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration and execution of this Agreement and the exercise and performance of its duties hereunder in reliance upon any certificate for Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

4.2 Merger or Consolidation or Change of Name of Rights Agent

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Corporation), and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion;

(b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a person

believed by the Rights Agent to be Chairman, President, Chief Executive Officer, any Vice President, Chief Financial Officer, the Secretary, or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) The Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;

(d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;

(e) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b)) or any adjustment required under the provisions of Section 2.3 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 hereof describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and as fully paid and non-assessable;

(f) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman, Chief Executive Officer, the President, any Vice President, Chief Financial Officer, the Secretary or any Assistant Secretary of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person;

(h) The Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 90 days' notice (or such lesser notice as is acceptable to the Corporation) to the Corporation and to the transfer agent of the Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9. The Corporation may remove the Rights Agent upon 90 days' notice in writing, mailed to the Rights Agent and to the transfer agent of the Common Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the

Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 5 – MISCELLANEOUS

5.1 Redemption and Waiver

(a) The Board of Directors may, at its option, at any time prior to occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.01 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "Redemption Price").

(b) If following the acquisition of Voting Shares of the Corporation pursuant to a Permitted Bid or a Competing Bid, the Offeror has acquired a majority of the Voting Shares, then the Board of Directors shall, immediately upon the acquisition of Voting Shares pursuant to the Permitted Bid or Competing Permitted Bid, as the case may be, without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

(c) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(d) Within 10 Business Days after the Board of Directors electing or being deemed to have elected to redeem the Rights, the Corporation shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears on the Rights Register (as defined in Subsection 2.6(a)) or, prior to the Separation Time, on the register of Shares maintained by the Corporation's transfer agent. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made.

(e) If the Board of Directors elects to or is deemed to have elected to redeem the Rights: (i) the right to exercise the Rights will thereupon without further action and without notice terminate and the only right thereafter of the holder of a Right shall be to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued.

(f) The Board of Directors may, within 10 Business Days following the Stock Acquisition Date, upon prior written notice delivered to the Rights Agent, waive or agree to waive the application of Section 3.1 to the related Flip-in Event, provided that the Acquiring Person has reduced its Beneficial Ownership of Voting Shares (or has entered into a contractual arrangement with the Corporation, acceptable to the Board of Directors, to do so within 30 days of the date on which such contractual arrangement

is entered into) such that at the time the waiver becomes effective pursuant to this Subsection 5.1(f) it is no longer an Acquiring Person, and in the event of such a waiver, for the purposes of this Agreement, the Flip-in Event shall be deemed not to have occurred.

(g) In addition to the provisions of Subsection 5.1(f), the Board of Directors may, prior to the occurrence of a Flip-in Event, upon prior written notice delivered to the Rights Agent, waive or defer the application of Section 3.1 to that Flip-in Event.

5.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1(a) hereof.

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

(a) The Corporation may make, without the approval of the holders of Rights or Voting Shares, any amendments to this Agreement (i) to cure any ambiguity or to correct any provision which may be inconsistent with any other provision or is otherwise defective, (ii) to correct any clerical or typographical error or (iii) which are required to maintain the validity and effectiveness of the Agreement as a result of any change in any applicable laws or regulatory requirements. Notwithstanding anything in this Section 5.4 to the contrary, no amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to subsection 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Voting Shares of the Corporation at a special meeting called and held in compliance with applicable laws and regulatory requirements and the requirements in the articles and by-laws of the Corporation. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by all holders of Voting Shares (other than any holder of Voting Shares who is an Offeror pursuant to a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid, with respect to all Voting Shares Beneficially owned by such Person), represented in person or by proxy at the special meeting.

(c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Rights at a special meeting of holders of Rights called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the articles and by-laws of the Corporation applicable to meetings of holders of Voting Shares, applied mutatis mutandis. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to Subsection 3.1(b)), represented in person or by proxy at the special meeting.

(d) Any amendments made by the Corporation to this Agreement pursuant to Subsection 5.4(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws or regulatory requirements shall:

- (i) if made before the Separation Time, be submitted to the holders of Voting Shares of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Subsection 5.4(b), confirm or reject such amendment;
- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(c), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders of the Corporation or the holders of Rights or is not submitted to the shareholders of the Corporation or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders of the Corporation or holders of Rights as the case may be.

5.5 Fractional Rights and Fractional Shares

(a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. Subject to Section 5.2, after the Separation Time there shall be paid to the registered holders of the Rights Certificates with regard to which fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Market Value of a whole Right in lieu of such fractional Rights.

(b) The Corporation shall not be required to issue fractional Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Value of one Common Share.

5.6 Rights of Action

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holders Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

5.7 Holder of Rights Not Deemed a Shareholder

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Common Shares or any other securities which may at any time be issuable on the exercise of such Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in Section 5.8 hereof), or to receive dividends or subscription rights or otherwise, until such Rights shall have been exercised in accordance with the provisions hereof.

5.8 Notice of Proposed Actions

If after the Separation Time and prior to the Expiration Time:

- (i) there shall occur an adjustment to the Rights pursuant to Section 3.1 as a result of the occurrence of a Flip-in Event, or
- (ii) the Corporation proposes to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets,

then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.9, a notice of such event or proposed action, which shall specify the date on which such adjustment to the Rights, liquidation, dissolution, or winding up occurred or is to take place, and such notice shall be so given within 10 Business Days after the occurrence of an adjustment to the Rights or at least 20 Business Days prior to the date of taking of such proposed action by the Corporation.

5.9 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Dofasco Inc.
P.O. Box 2460
Hamilton, Ontario
Canada L8N 3J5

Attention: Secretary

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Corporation) as follows:

The R-M Trust Company
393 University Avenue, 5th Floor
Toronto, Ontario
Canada M5G 2M7

Attention: Vice-President, Corporate Trust Services

Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common

Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

5.10 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

5.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

5.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

5.14 Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

5.15 Severability

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable.

5.16 Effective Date

This Agreement is effective from the date hereof. If this Agreement is not reconfirmed by resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at a meeting to be held not later than the date of the 1995 Annual Meeting of Shareholders of the

Corporation, then this Agreement and any then outstanding Rights shall terminate and be void and be of no further force and effect from that date which is the earlier of (a) the date of such meeting if not the 1995 Annual Meeting; and (b) the date of the 1995 Annual Meeting of Shareholders of the Corporation.

5.17 Determinations and Actions by the Board of Directors

The Board of Directors shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to make all determinations deemed necessary or advisable for the administration of this Agreement. All such actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith, shall not subject the Board of Directors to any liability to the holders of the Rights.

5.18 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement, and any supplement or amendment to this Agreement, shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority including, without limiting the generality of the foregoing, any stock exchanges on which any securities of the Corporation are listed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

DOFASCO INC.

By: _____

By: _____

THE R-M TRUST COMPANY

By: _____

By: _____

EXHIBIT A
[Form of Rights Certificate]

Certificate No. _____

_____ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM OR SUCH PERSON'S ASSOCIATES OR AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Amended and Restated Shareholder Rights Agreement, dated as of the 5th day of May, 1995 (the "Rights Agreement") between Dofasco Inc., a corporation incorporated under the laws of Canada (the "Corporation") and The R-M Trust Company, a trust company incorporated under the laws of Canada, as Rights Agent (the "Rights Agent," which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the close of business on the 24th day of November, 1999, one fully paid and non-assessable Common Share of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in Toronto. The Exercise Price shall initially be \$100 (Canadian) per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive assets, cash, debt securities or shares in the capital of the Corporation other than Common Shares, or more or less than one Common Share (or a combination thereof), all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the head office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.01 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or any other securities of the Corporation which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meeting or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date: _____

DOFASCO INC.

By: _____
President

By: _____
Secretary

Countersigned:

The R-M TRUST COMPANY

By: _____
Authorized Signature

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO:

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

(NAME)

(ADDRESS)

(CITY AND STATE OR PROVINCE)

DATE:

Signature Guaranteed:

Signature

(Signature must correspond to name as
written upon the face of this Rights
Certificate in every particular, without
alteration or enlargement or any change
whatsoever)

Signature must be guaranteed by a member firm of a recognized stock exchange in Canada, a registered national securities exchange in the United States, a member of the Investment Dealers Association of Canada or National Association of Securities Dealers Inc., or a commercial bank or trust company having an office or correspondent in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing or such Person's Associates or Affiliates (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferrable or exercisable.

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates.)

FOR VALUE RECEIVED _____ hereby sells,
assigns and transfers unto _____

(please print name and address of transferee)

the Rights evidenced by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer the within Rights on the books of the within-named Corporation, with full power of substitution.

DATED: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a member firm of a recognized stock exchange in Canada, a registered national securities exchange in the United States, a member of the Investment Dealers Association of Canada or National Association of Securities Dealers Inc., or a commercial bank or trust company having an office or correspondent in Canada or the United States.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing or such Person's Associates or Affiliates (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferrable or exercisable.

